

**Q4FY26 Result Highlights**

➤ **Key Takeaways**

- Q4FY26 operational performance remained strong with record revenue despite headline margin pressure
- Margin weakness was largely attributable to exceptional CSR, ECL and legacy item impacts rather than structural deterioration
- Catering and Tourism are emerging as the primary growth engines for the next phase
- Internet Ticketing is transitioning from penetration-led growth toward monetization-led growth
- Payment Aggregator license and unified platform could become important medium-term catalysts
- Rail Neer expansion pipeline remains active and should support incremental growth over FY27-FY28
- Management remains committed to maintaining ~30% EBITDA margins while driving higher absolute profits through diversified growth initiatives

➤ **Q4FY26: Record Revenue Quarter Despite Margin Normalization**

IRCTC delivered its highest-ever quarterly revenue and annual revenue in FY26, reflecting continued strength across Catering, Tourism, Internet Ticketing and Rail Neer businesses. Q4FY26 revenue from operations grew 15.1% YoY to ₹14,600mn, while FY26 revenue crossed ₹52,150mn (+11.6% YoY). Management highlighted that business momentum remains robust despite geopolitical uncertainties and higher contribution from relatively lower-margin segments such as Catering and Tourism. EBITDA margin for Q4 stood at 27.3%, impacted by business mix changes and one-off expenses, though management reiterated confidence in sustaining ~30% margins structurally over the medium term.

**Important Statistics**

<b>Nifty</b>	23,383
<b>Sensex</b>	74,267
<b>Close* (₹)</b>	512.60
<b>MCAP (₹ bn)</b>	~412
<b>52 Week H/L (₹)</b>	799/493
<b>NSE Code</b>	IRCTC
<b>BSE Code</b>	542830
<b>Bloomberg Code</b>	IRCTC:IN

Close\* as on 1<sup>st</sup> June 2026

<b>Shareholding Pattern (%)</b>		<b>Mar'26</b>
Promoter		62.4
FII		4.9
DII		14.9
Public & Others		17.9

**Financials**

<b>Particulars</b>	<b>(₹ mn)</b>				
	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27E</b>	<b>FY28E</b>
Revenue	42600	46748	52149	56528	62283
EBITDA	14660	15498	16660	19024	21310
EBITDA Margin	34.3%	33.2%	31.9%	34.0%	34.9%
PAT	11110	13150	13767	1568.9	1759.2
PAT Margin	26.1%	28.2%	26.4%	27.5%	29.6%
EPS	13.9	16.4	17.21	19.6	21.9
ROE	34.4%	35.9%	34.5%	32.4%	31.4%
PE	66.93	44.3	30.2	26.6	23.7

Source: Company, Way2Wealth

**Segmental Performance**

➤ **Internet Ticketing: Stable Growth; Monetization Focus Shifts Beyond Convenience Fees:**

Internet Ticketing revenue grew 4.6% YoY to ₹3,90mn in Q4FY26, while FY26 revenue increased 7.7% YoY to ₹15,360mn. IRCTC now commands ~89% share of reserved railway ticket bookings, indicating limited room for further penetration-led growth. Management acknowledged this maturity and indicated future focus will shift toward non-convenience fee monetization through the unified portal and IRCTC iPay ecosystem. Ticketing EBITDA margin moderated to 76% in Q4 from elevated historical levels due to higher CSR allocation, increased direct costs and rising UPI mix, which lowers payment economics. Management nevertheless reiterated confidence in maintaining ~30% consolidated EBITDA margin despite mix normalization.

○ **Key operational KPIs:**

- Total tickets booked in Q4FY26 stood at 133.9mn
- AC tickets: 68.5mn
- Non-AC tickets: 65.4mn
- UPI share increased to 51.7%
- Convenience fee income stood at ₹2,470mn

**Relative Performance**

<b>Return (%)</b>	<b>1Yr</b>	<b>3Yr</b>	<b>5Yr</b>
<b>IRCTC</b>	<b>-34.5</b>	<b>-19.2</b>	<b>33.8</b>
<b>Nifty 50</b>	-5.2	28.9	52.5
<b>Sensex</b>	-8.35	21.3	45.5

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2<sup>nd</sup> June 2026

Close\*: ₹512.60/-

View – EXIT

- Management also confirmed progress toward obtaining the Payment Aggregator license before the RBI deadline in August 2026, with technology partners already onboarded. This is expected to support future cross-selling and fintech monetization initiatives through the unified digital platform.
- **Catering: Strong Revenue Momentum Continues; Margins Temporarily Impacted:** Catering remained the strongest growth driver during the quarter with revenue increasing 26.8% YoY to ₹6,710mn. Management attributed the robust growth to higher train catering volumes and expanding premium train operations including Vande Bharat services. However, EBIT margin declined sharply to ~6% due to a combination of exceptional expenses, higher GST incidence in premium trains, CSR allocations and elevated ECL provisions.
  - **Management clarified that:**
    - FY26 Catering growth benefited from increased premium train contribution
    - Premium prepaid train models such as Vande Bharat increase reported turnover but also create GST-related cost leakage due to non-availability of ITC credits
    - Margin pressure was largely temporary and exceptional in nature rather than structural deterioration
  - **The management guided for ~15% sustainable revenue growth in Catering going forward, supported by:**
    - Rising passenger traffic
    - Scaling of Vande Bharat network
    - Expansion of branded catering initiatives
    - Continued service enhancement efforts
  - On pricing, management indicated that catering tariff hikes remain under the purview of the Ministry of Railways and no immediate revision is currently planned despite inflationary pressures in gas and input costs.
- **Tourism: Strong Recovery Trajectory; Margin Outlook Improving:** Tourism revenue grew 11% YoY to ₹304crs in Q4FY26 and 19.5% YoY in FY26, making it the fastest-growing major business vertical. EBITDA margins improved to ~16% during the quarter, supported by improved product mix and cost rationalization measures.
  - **Management expects Tourism growth momentum to sustain at ~20% going forward driven by:**
    - Bharat Gaurav trains
    - Domestic tourism demand
    - Pilgrimage tourism
    - Premium tourism packages
    - Potential diversion from expensive international travel toward domestic tourism
  - Management also sounded optimistic regarding domestic tourism demand trends in Q1FY27, though refrained from providing explicit forward-looking commentary due to listing regulations.

2<sup>nd</sup> June 2026

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 View – **EXIT**

➤ **Rail Neer: Capacity Expansion Underway; Margin Improvement Continues:** Rail Neer revenue grew modestly by 3.3% YoY to ₹95crs in Q4FY26, while profitability improved meaningfully due to lower preform costs and operational efficiencies. FY26 segment profit grew 21.7% despite low revenue growth, indicating strong operating leverage benefits.

○ **Management provided detailed updates on capacity expansion:**

- Ambernath plant capacity being expanded from 2 lakh to 3 lakh bottles/day
- Danapur capacity expanding from 1 lakh to 2 lakh bottles/day
- Greenfield plants planned at Mysore, Prayagraj, Ranchi and Nagpur regions
- Discussions ongoing with external beverage partners, though progress remains limited so far

➤ **Exceptional Items Impacted Q4 Profitability:** Management clarified that Q4 margins and PAT were materially impacted by multiple non-recurring items:

- ₹480mn legacy income booked in Q4FY25 was absent this year
- CSR expense increased sharply to ₹310mn versus ₹70mn last year
- ECL provisioning increased to ₹160mn versus ₹80mn
- Additional GST burden in Catering due to premium train mix impacted margins

Excluding these factors, management indicated consolidated EBITDA margin would have remained close to ~30%.

➤ **Capital Allocation and Shareholder Returns:** IRCTC declared total dividend payout of ₹7,200mn in FY26, the highest in company history, reinforcing its strong cash-generation profile. Management reiterated that IRCTC remains an asset-light business but highlighted incremental investments toward:

- Ticketing platform modernization
- Cybersecurity enhancement
- Rail Neer capacity additions
- Hotel business opportunities

On share buyback possibilities, management stated that the company meets DIPAM criteria but procedural restrictions currently remain.

➤ **Management Commentary and Strategic Outlook:** Management reiterated confidence in sustaining long-term growth across all core verticals despite moderation in ticketing growth. The strategy increasingly focuses on:

- Scaling lower-penetration businesses such as Tourism and Catering
- Enhancing digital monetization
- Expanding payment ecosystem capabilities
- Strengthening Rail Neer manufacturing footprint
- Maintaining EBITDA margins around 30% despite changing revenue mix

**View**

Over FY20–FY26, IRCTC delivered strong and consistent growth, driven by recovery in railway passenger traffic, expansion in catering operations, rising digital ticketing volumes and improving tourism demand. Revenue from operations increased from pandemic-impacted levels to a record ₹52,150mn in FY26, while EBITDA rose to ₹16,660mn. The company benefited from its dominant monopoly-like position in railway ticketing, growing contribution from Vande Bharat and premium train catering, expansion in tourism offerings and strong operating leverage in the Internet Ticketing segment. EBITDA margins remained structurally strong for most of the period, supported by the high-margin ticketing business. However, profitability moderated in FY26 with EBITDA margins declining to ~32% and Q4FY26 margins falling to 27.3% due to an adverse business mix, higher contribution from lower-margin Catering and Tourism segments, rising UPI share, CSR allocation and other exceptional costs. While revenue growth momentum remains healthy, the company is gradually transitioning from a high-margin ticketing-led model toward diversified but relatively lower-margin growth segments, which could moderate profitability expansion going forward.

We **Initiated coverage** on IRCTC on 21<sup>st</sup> January 2021 at ₹1452 (prior to split). Post it, the effect initiating price stood at ₹286. The stock touched a high of ₹1093 on 14<sup>th</sup> October 2021 and is currently trading at ₹521, which implies a PE of ~30x FY26 with EPS of 17.42.

IRCTC faces gradual margin dilution as growth increasingly shifts toward lower-margin Catering and Tourism businesses while the high-margin Internet Ticketing segment matures. EBITDA margins have moderated from historical peak levels as adverse business mix, rising UPI share and higher operating costs weigh on profitability. Despite healthy revenue growth, earnings growth has slowed relative to historical trends, while the stock continues to trade at premium valuations versus medium-term growth visibility. Regulatory dependence on railway policies, convenience fee structures and catering pricing remains a key overhang. After a strong rerating post-listing, the stock now offers limited upside potential relative to execution and valuation risks.

Our current recommendation is to **Exit** the stock at CMP for reasons stated above. Going forward, we will track the company closely and will update our guidance if we identify any 'green shoots' or a sustained improvement in its performance.

**QUARTERLY FINANCIAL PERFORMANCE**

	(₹ mn)				
Particulars	Q4FY26	Q4FY25	QoQ	Q3FY26	YoY
<b>Net Income</b>	<b>14597</b>	<b>12685</b>	<b>15.1%</b>	<b>14495</b>	<b>0.7%</b>
<b>Expenses</b>					
Cost of Material Consumed	165	164	0.5%	169	-2.6%
Purchase of stock-in-trade	463	389	19.0%	521	-11.2%
Changes in Inventories of finished goods	-5	13	-140.5%	6	-191.0%
Expenses of catering services	5216	4088	27.6%	5122	1.8%
Expenses of Tourism	2195	2004	9.5%	2048	7.2%
Manufacturing & Direct Expenses	651	531	22.6%	622	4.7%
Employee benefit expenses	832	897	-7.3%	857	-2.9%
Other Expenses	1091	745	46.5%	496	120.1%
<b>Total Expenses</b>	<b>10608</b>	<b>8830</b>	<b>20.1%</b>	<b>9840</b>	<b>7.8%</b>
<b>EBITDA</b>	<b>3989</b>	<b>3855</b>	<b>3.5%</b>	<b>4654</b>	<b>-14.3%</b>
EBITDA Margin	27.3%	30.4%	-306.4bps	32.1%	-478.6bps
Other Income	664	612	8.6%	698	-4.8%
Depreciation & Amortization Expenses	140	123	14.4%	123	13.9%
<b>EBIT</b>	<b>4513</b>	<b>4344</b>	<b>3.9%</b>	<b>5229</b>	<b>-13.7%</b>
Interest Expenses	48	78	-38.4%	46	4.2%
<b>PBT</b>	<b>4465</b>	<b>4266</b>	<b>4.7%</b>	<b>5183</b>	<b>-13.9%</b>
Tax Expenses	1203	1141	5.4%	1349	-10.8%
Exceptional Income/Loss	1	457	-99.8%	109	-99.3%
<b>PAT</b>	<b>3263</b>	<b>3582</b>	<b>-8.9%</b>	<b>3943</b>	<b>-17.3%</b>
EPS	4.1	4.5	-8.9%	4.9	-17.3%

Source: Company, Way2Wealth

**SEGMENTAL REVENUE BREAK UP**

	(₹ mn)				
Segment Revenue	Q4FY26	Q4FY25	QoQ	Q3FY26	YoY
Catering	6709	5294	26.7%	6614	1.4%
% of total revenue	46.0%	41.7%	422.6bps	45.6%	32.7bps
Rail Neer	1002	960	4.4%	1028	-2.5%
% of total revenue	6.9%	7.6%	-70.3bps	7.1%	-22.5bps
Internet Ticketing	3902	3725	4.8%	4006	-2.6%
% of total revenue	26.7%	29.4%	-262.8bps	27.6%	-90.5bps
Tourism	3036	2744	10.6%	2893	4.9%
% of total revenue	20.8%	21.6%	-83.5bps	20.0%	84.0bps
<b>Total</b>	<b>14649</b>	<b>12723</b>	<b>15.1%</b>	<b>14541</b>	<b>0.7%</b>
Less Inter Segment Revenue	52	37	38.3%	46	12.4%
<b>Net Revenue</b>	<b>14597</b>	<b>12685</b>	<b>15.1%</b>	<b>14495</b>	<b>0.7%</b>

Segment EBIT	Q4FY26	Q4FY25	QoQ	Q3FY26	YoY
Catering	419	646	-35.1%	685	-38.8%
Rail Neer	161	117	37.9%	153	5.4%
Internet Ticketing	2978	3069	-3.0%	3410	-12.7%
Tourism	492	496	-0.7%	549	-10.3%
<b>Total</b>	<b>4051</b>	<b>4328</b>	<b>-6.4%</b>	<b>4797</b>	<b>-15.6%</b>
Add: Interest Income	416	395	5.4%	495	-16.0%
<b>Total</b>	<b>4467</b>	<b>4723</b>	<b>-5.4%</b>	<b>5292</b>	<b>-15.6%</b>

EBIT Margin	Q4FY26	Q4FY25	QoQ	Q3FY26	YoY
Catering	6.2%	12.2%	-595.6bps	10.4%	-410.8bps
Rail Neer	16.1%	12.2%	391.9bps	14.9%	120.9bps
Internet Ticketing	76.3%	82.4%	-609.9bps	85.1%	-880.6bps
Tourism	16.2%	18.1%	-185.2bps	19.0%	-275.6bps
<b>Total</b>	<b>27.7%</b>	<b>34.0%</b>	<b>-636.9bps</b>	<b>33.0%</b>	<b>-533.7bps</b>

Source: Company, Way2Wealth

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**Disclosure of Interest Statement: Indian Railway Catering & Tourism Corporation Ltd. (IRCTC) as on 02 June 2026**

Name of the Security	Indian Railway Catering & Tourism Corporation Ltd (IRCTC)
Name of the analyst	Ashwini Sonawane
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
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